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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL  
CHAIRMAN

JIM IRVIN

COMMISSIONER

MARC SPITZER

COMMISSIONER

Arizona Corporation Commission

DOCKETED

SEP 25 2001

AZ CORP COMMISSION  
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IN THE MATTER OF COMMISSION  
CONSIDERATION AND POSSIBLE ACTION ON  
REQUESTS FOR REHEARING AND  
RECONSIDERATION TO MODIFY DECISION NO.  
63364, ADOPTING THE ENVIRONMENTAL  
PORTFOLIO STANDARD RULES

DOCKET NO. RE-00000C-00-0377

**AEPCO AND ITS MEMBER  
DISTRIBUTION  
COOPERATIVES' REQUEST  
FOR FURTHER EXTENSION OF  
THE EPS COMPLIANCE  
EXEMPTION PERIOD**

Pursuant to Decision No. 63486, the Arizona Electric Power Cooperative, Inc.

("AEPCO") on behalf of itself and its five Arizona Class A member distribution cooperatives<sup>1</sup> submits this request for a further extension of the Environmental Portfolio Standard Rules ("EPS") compliance period to November 1, 2001 to allow finalization and filing of AEPCO's EPS plan. For convenience, attached as Exhibit A is a copy of Decision No. 63486 (the "Decision") and attached as Exhibit B is AEPCO's April 10, 2001 Notice of Exemption.

By way of background, upon the filing of a notice of exemption, the Decision authorized a 180 day EPS exemption period for non-profit, member owned cooperatives in order to formulate an EPS plan. As the generation supplier for its member distribution cooperatives, AEPCO filed the exemption request on April 10, 2001. The Decision also authorizes the filing of a request such as this one for extension of the exemption period if additional time is needed to

<sup>1</sup> These distribution cooperatives are Duncan Valley Electric Cooperative, Inc.; Graham County Electric Cooperative, Inc.; Mohave Electric Cooperative, Inc.; Trico Electric Cooperative, Inc.; and Sulphur Springs Valley Electric Cooperative, Inc.

1 prepare the EPS plan. Either the filing of the plan or a request for extension automatically  
2 extends the exemption period until the Commission acts upon the plan or request (Decision, p. 3,  
3 ll. 20-21).

4 AEPCO has been diligently working on the plan since the issuance of the Decision, but  
5 requires an extension to November 1, 2001--approximately 35 additional days--to (1) finalize the  
6 plan, (2) submit it to its Board of Directors for review and approval at the October 9-10, 2001  
7 Board meeting and (3) prepare the filing for this Commission. In April and May, a request for  
8 proposals was formulated and distributed to 43 potential renewable resource providers. In  
9 response, 18 proposals were received from 12 different respondents. In June through August, the  
10 proposals were evaluated both from a cost and programmatic standpoint, although this process  
11 was slowed somewhat by the loss to an unexpected medical leave of the project's leader midway  
12 through the analysis. Finally, also as required by the Decision, AEPCO met and discussed the  
13 results of the analysis and possible plan strategies with the Utilities Division Staff and the Rural  
14 Utilities Service last month.

15 AEPCO will submit its EPS plan by no later than November 1, 2001. The Commission  
16 will then be able to consider and act upon both the plan and this request.

17 DATED this 25<sup>th</sup> day of September, 2001.

18 GALLAGHER & KENNEDY, P.A.

19  
20 By Michael M. Grant  
21 Michael M. Grant  
22 Todd C. Wiley  
23 2575 East Camelback Road  
24 Phoenix, Arizona 85016-9225  
Attorneys for Arizona Electric Power  
Cooperative, Inc.

1 **Original** and ten copies filed this  
2 25<sup>th</sup> day of September, 2001 with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington  
6 Phoenix, Arizona 85007

7 **Copies** of the foregoing hand-delivered  
8 this 25<sup>th</sup> day of September, 2001 to:

9 Janice Alward, Esq.  
10 Legal Division  
11 Arizona Corporation Commission  
12 1200 West Washington  
13 Phoenix, Arizona 85007

14 Ray Williamson  
15 Utilities Division  
16 Arizona Corporation Commission  
17 1200 West Washington  
18 Phoenix, Arizona 85007

19 **Copies** of the foregoing mailed  
20 this 25<sup>th</sup> day of September, 2001 to:

21 Christopher Hitchcock, Esq.  
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Attorneys for Mohave Electric

23 By: Linda Maguire  
24 10421-0018/957628

APR 04 2001

Arizona Corporation Commission

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

MAR 29 2001

1  
2 WILLIAM A. MUNDELL  
Chairman

3 JIM IRVIN

Commissioner

4 MARC SPITZER

Commissioner

DOCKETED BY

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5 IN THE MATTER OF COMMISSION )  
6 CONSIDERATION AND POSSIBLE ACTION )  
7 ON REQUESTS FOR REHEARING AND )  
8 RECONSIDERATION TO MODIFY DECISION )  
NO. 63364, ADOPTING THE )  
9 ENVIRONMENTAL PORTFOLIO STANDARD )  
RULES )

DOCKET NO. RE-00000C-00-0377

DECISION NO. 63486ORDER

10 Open Meeting  
March 29, 2001

11 Phoenix, Arizona

12 BY THE COMMISSION:

13 FINDINGS OF FACT

14 1. On February 8, 2001, the Commission entered Decision No. 63364, adopting the  
15 Environmental Portfolio Standard Rules.

16 2. Five parties to the docket filed timely applications for rehearing and reconsideration  
17 of Decision No. 63364.

18 3. On March 9, 2001, the Commission granted the applications for rehearing to provide  
19 Staff an opportunity to review the requests and prepare recommendations to the Commission for its  
20 consideration and possible action. The Staff Report reflecting Staff's recommendations was filed and  
21 mailed to interested parties on March 15, 2001.

22 4. On March 13, 2001, Tucson Electric Power Company (TEP) filed comments on the  
23 applications for rehearing. TEP's comments addressed the application filed by Arizona Public Service  
24 Company and agree with Staff's recommendations.

25 5. Staff's recommendations are summarized below.

26 a. The rule R14-2-1618.F should be modified as follows:

27 Photovoltaic or solar thermal electric resources that are located  
28 on a consumer's premises shall count toward the Environmental  
Portfolio Standard applicable to the current Load-Serving Entity

1 serving that consumer unless a different Load-Serving Entity is  
2 entitled to receive credit for such resources under the provisions  
3 of R14-2-1618.C.3.a.

4 b. Decision No. 63364 should be modified by this order to provide the  
5 cooperatives an exemption from the rules as follows:

6 (i) Affected Utilities, which are nonprofit, member-owned cooperatives  
7 should be exempt, at their own election, from compliance with the  
8 Environmental Portfolio Standard Rules, including the portfolio  
9 percentage requirements set forth in R14-2-1618.B, for a period of 180  
10 days from the effective date of the order. Cooperatives electing  
11 exemption status should file a notice in this docket within 30 days of  
12 the effective date of the order.

13 (ii) Notwithstanding their exemption from compliance with the  
14 Environmental Portfolio Standard Rules, the exempt cooperatives  
15 could, at their own option, collect the Environmental Portfolio  
16 Surcharge authorized by R14-2-1618.A.2 and apply the proceeds so  
17 collected toward meeting the Environmental Portfolio percentage at the  
18 180-day exemption period expiration, unless the exemption period is  
19 extended by the timely filing of a plan or by order of the Commission.

20 (iii) On or before the expiration of the 180-day exemption period, exempt  
21 cooperatives should file for Commission consideration a plan for  
22 meeting their portfolio requirements. In the alternative, a cooperative  
23 could file a request stating good cause why the exemption period  
24 should be extended. The timely filing of a plan or request for extension  
25 should extend the exemption period until the Commission considers  
26 and acts upon the plan or the request.

27 c. Representatives of the exempt cooperatives should meet with Staff and  
28 representatives of the Rural Utilities Service and other appropriate federal  
agencies to discuss these matters to work towards achieving mutual goals  
within the context of the Environmental Portfolio Standard Rules.

d. Section R14-2-1618.E should be deleted from the rules.

e. Section R14-2-1601.39 should be deleted from the rules.

f. All other matters raised in the five applications for rehearing or reconsideration  
filed in this docket should be denied by the Commission.

#### 26 CONCLUSIONS OF LAW

27 1. Pursuant to the Arizona Constitution, Article XV, Section 3 and the Arizona Revised  
28 Statutes, Title 40 generally, the Commission has jurisdiction over this matter.

2. The Commission, having reviewed the applications, Staff's Report filed March 15, 2001, and Staff's Memorandum dated March 20, 2001, concludes that it is in the public interest to approve and adopt Staff's recommendations.

ORDER

THEREFORE, IT IS ORDERED that R14-2-1618.F be modified as proposed in Finding of Fact No. 5.a.

IT IS FURTHER ORDERED that Affected Utilities, which are nonprofit, member-owned cooperatives shall be exempt, at their own election, from compliance with the Environmental Portfolio Standard Rules, including the portfolio percentage requirements set forth in R14-2-1618.B, for a period of 180 days from the effective date of the order. Cooperatives electing exemption status shall file a notice in this docket within 30 days of the effective date of the order.

IT IS FURTHER ORDERED that the exempt cooperatives may, at their own option, collect the Environmental Portfolio Surcharge authorized by R14-2-1618.A.2 and apply the proceeds so collected toward meeting the Environmental Portfolio percentage at the 180-day exemption period expiration, unless the exemption period is extended by the timely filing of a plan or by order of the Commission.

IT IS FURTHER ORDERED that on or before the expiration of the 180-day exemption period, exempt cooperatives shall file for Commission consideration a plan for meeting their portfolio requirements. In the alternative, a cooperative may file a request stating good cause why the exemption period should be extended. The timely filing of a plan or request for extension shall extend the exemption period until the Commission considers and acts upon the plan or the request.

IT IS FURTHER ORDERED that representatives of the exempt cooperatives shall meet with Staff and representatives of the Rural Utilities Service and other appropriate federal agencies to discuss these matters to work towards achieving mutual goals within the context of the Environmental Portfolio Standard Rules.

IT IS FURTHER ORDERED that Section R14-2-1618.E shall be deleted from the rules.

1 IT IS FURTHER ORDERED that Section R14-2-1601.39 shall be deleted from the rules.

2 IT IS FURTHER ORDERED that all other matters raised in the five applications for rehear  
3 or reconsideration filed in this docket are denied.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5  
6 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

7  
8   
CHAIRMAN

8   
COMMISSIONER

8   
COMMISSIONER

9 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
10 Secretary of the Arizona Corporation Commission, have  
11 hereunto, set my hand and caused the official seal of this  
12 Commission to be affixed at the Capitol, in the City of  
13 Phoenix, this 29th day of March, 2001.

13  
14   
15 BRIAN C. McNEIL  
16 Executive Secretary

17 DISSENT: \_\_\_\_\_

18 DRS:BEK:lhbm  
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28

**GALLAGHER & KENNEDY**

P.A.  
ATTORNEYS AT LAW

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AZ CORP COMMISSION  
DOCUMENT CONTROL

April 10, 2001

**VIA HAND DELIVERY**

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

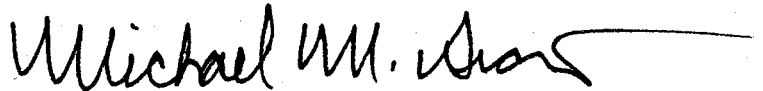
**Re: Decision No. 63486; Docket No. RE-00000C-00-0377;  
Cooperatives' Notice of Exemption from Compliance with the  
Environmental Portfolio Standard Rules**

Dear Sir/Madam:

Pursuant to Decision No. 63486, the Arizona Electric Power Cooperative, Inc. on behalf of itself and its five Arizona Class A member distribution cooperatives--Duncan Valley Electric Cooperative, Inc.; Graham County Electric Cooperative, Inc.; Mohave Electric Cooperative, Inc.; Trico Electric Cooperative, Inc.; and Sulphur Springs Valley Electric Cooperative, Inc.--file this Notice of Exemption from Compliance with the Environmental Portfolio Standard Rules.

Very truly yours,

GALLAGHER & KENNEDY, P.A.



By:  
Michael M. Grant

cc: Patricia Cooper, Esq.  
MMG/lmm  
10421-0018/916877



Docket Control  
April 10, 2001  
Page 2

ORIGINAL and ten copies filed  
with Docket Control this date.

COPY of the foregoing mailed this 10<sup>th</sup> day  
of April, 2001 to the service list for  
Environmental Portfolio Standard Rulemaking

Linda Maguire